

**CORPORATE DECISION MAKING
AND THE DESIGN OF
FINANCIAL CONTRACTS**

Professor G. Triantis

JANUARY INTENSIVE COURSE

January 1997

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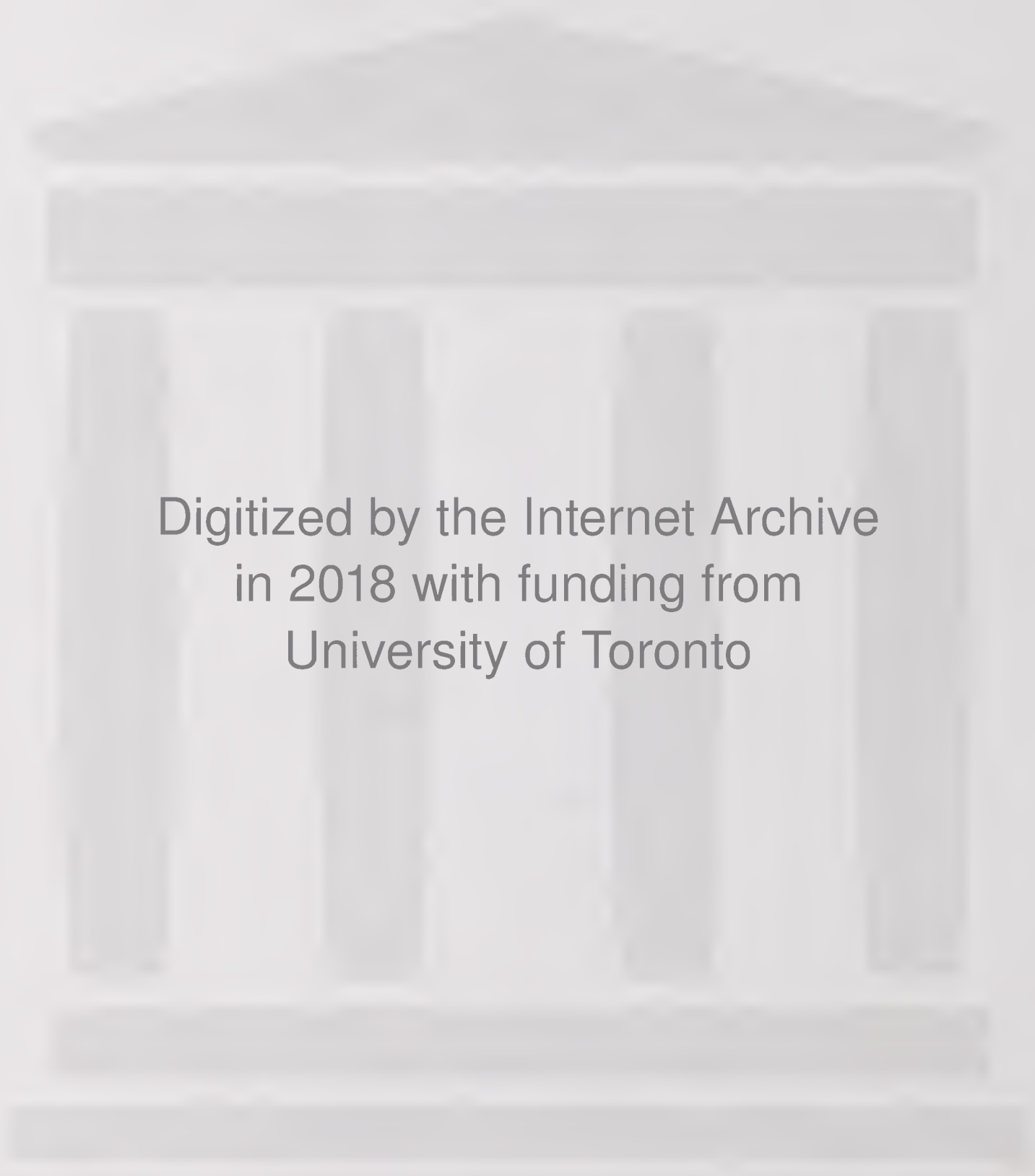
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Syllabus

- Class 1. M 12:10 - 1:30 Introduction to Governance Structures: Contract vs. Firm
R.H. Coase, The Nature of the Firm, 4 *Economica* 386, 386-98, 403-5 (1937).
Armen A. Alchian and Harold Demsetz, Production, Information Costs and Economic Organization, 62 *Am. Econ. Rev.* 777, 777-85 (1972).
Oliver E. Williamson, Transaction-Cost Economics: The Governance of Contractual Relations, 22 *J. Law & Econ.* 233, 233-34, 239-54 (1979).
- Class 2. T 1:10 - 2:30 Contract vs. Firm (continued)
Benjamin Klein, Robert G. Crawford and Armen A. Alchian, Vertical Integration, Appropriable Rents, and the Competitive Contracting Process, 21 *J. Law & Econ.* 297, 297-313 (1978).
Benjamin Klein, Vertical Integration as Organizational Ownership: The Fisher Body/General Motors Relationship Revisited, 4 *J. Law Econ. & Organ.* 199 (1988)
- Class 3. W. 12:10 - 2:30 Introduction to Optimal Capital Structure and Agency Theory
Stewart C. Myers, Still Searching for Optimal Capital Structure, 6 *J. App. Corp. Fin.* 4 (Spring 1993).
Michael C. Jensen and William H. Meckling, Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure, 3 *J. Fin. Econ.* 305 (1976).
Frank Easterbrook and Daniel Fischel, The Economic Structure of Corporate Law 63-72 (1991).
Oliver Williamson, The Economic Institutions of Capitalism 304-6 (1985).
- Class 4. R. 1:10 - 2:00 Introduction to Control Rights of Debt
Michael C. Jensen, Eclipse of the Public Corporate, *Harvard Business Review* 61 (Sept.-Oct. 1989).
Jeremy I. Bulow, Lawrence H. Summers and Victoria P. Summers, Distinguishing Debt from Equity in the Junk Bond Era, in Shoven and Waldfogel, eds. *Debt, Taxes & Corporate Restructuring* 151-3 (1990).
- Class 5. F 1:10 - 4:00 Covenants, Events of Default, Priorities
Clifford W. Smith, Jr. and Jerold B. Warner, On Financial Contracting: An Analysis of Bond Covenants, 7 *J. Fin. Econ.* 117, 117-22, 125-31, 136-39, 143-46 (1979).
Marcel Kahan and Michael Klausner, Path Dependence in Corporate Contracting: Increasing Returns, Herd Behavior and Cognitive Biases, 74 *Wash. U. L. Qu.* 347 (1996).

George G. Triantis, Secured Debt under Conditions of Imperfect Information, 21 J. Legal Stud. 225, 241-45, 247-50, 252-58 (1992).

Robert E. Scott, A Relational Theory of Secured Financing, 86 Colum. L. Rev. 901, 913-19, 926-33 (1986).

Alan Schwartz, A Theory of Loan Priorities, 18 J. Legal Stud. 209, 209-12, 226-43, 247-49 (1989).

George G. Triantis, A Free-Cash-Flow Theory of Secured Debt and Creditor Priorities, 80 Va. L. Rev. 2155 (1994).

Class 6. M. 12:10 - 2:30 *Debt Maturity and Convertibility*

Douglas W. Diamond, Debt Maturity Structure and Liquidity Risk, 106 Qu. J. Econ. 709, 709-11, 730-32 (1991).

Douglas W. Diamond, Seniority and Maturity of Debt Contracts, 33 J. Fin. Econ. 341 (1993).

Michael J. Barclay and Clifford W. Smith, Jr., The Maturity Structure of Corporate Debt, 50 J. Fin. 609, 609-14, 629-30 (1995).

Christopher L. Culp, Dean Furbush and Barbara T. Kavanagh, Structured Debt and Corporate Risk Management, 7 J. App. Corp. Fin. 73 (Fall 1994).

Alexander J. Triantis and George G. Triantis, Conversion Rights and the Design of Financial Contracts, 72 Wash. U. L. Qu. 1231 (1994).

Class 7. T 1:10 - 3:00 *An Interactive Theory of Corporate Governance*

Michael C. Jensen, The Modern Industrial Revolution, Exit and the Failure of Internal Control Systems, 48 J. Fin. 831 (1993).

George G. Triantis and Ronald J. Daniels, The Role of Debt in Interactive Corporate Governance, 83 Calif. L. Rev. 1073 (1995).